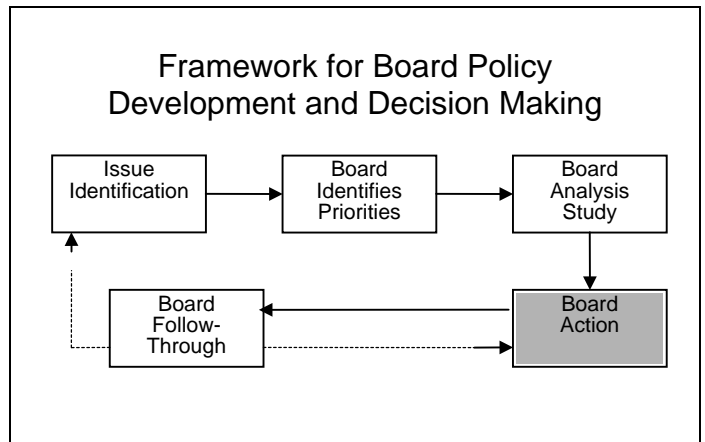


Iowa State Board of Education

Executive Summary July 26-27, 2006



Agenda Item:	AEA 15 and AEA 16 Reorganization Plan Approval
Iowa Goal:	All K-12 students will achieve at high levels, prepared for success beyond high school.
Equity Impact Statement:	Area education agencies exist to provide equitable services to local schools, communities and students.
Presenter:	<p>Pamela Pfitzenmaier, Administrator Division of PK-12 Education</p> <p>Joe Crozier (via telephone) Area Education Agencies 15 & 16</p> <p>Mary Ellen Becker Southern Prairie AEA 15</p> <p>Jennifer Woodley Great River AEA 16</p>
Attachments:	1
Recommendation:	It is recommended that the State Board approve the reorganization plan for AEA 15 and AEA 16.
Background:	The 2001 Iowa legislature passed legislation which allows AEAs to voluntary reorganize. AEA 15 and AEA 16 are the fourth agencies to undertake this endeavor. They have submitted a reorganization plan (attached) to the Department of Education which includes the executive summary and a very detailed appendix which is on file with the Department. All items included in the appendix meet the Code specifications for a reorganization study including documentation that there were either no or very few comments at the public hearings. It is clear through the documents of board minutes and public hearings that the stakeholders support the reorganization.

Reorganization Plan Southern Prairie AEA 15 Great River AEA 16

Introduction

Southern Prairie Area Education Agency 15 (AEA 15) and Great River Area Education Agency 16 (AEA 16), pursuant to Iowa Code section 273.21, 2005, developed, approved, and are submitting this reorganization plan to the State Board of Education (State Board).¹ The boards of directors, as noted in Figure 00-01, approved the plan.

Figure 00-01

Reorganization Plan Approved by Boards

AEA	Date of Approval
15	January 10, 2006
16	January 16, 2006

The purpose of the plan is to comply with the mandates of the Code Section 273.21, in order to implement a reorganization (merger or consolidation) of AEAs 15 and 16, effective July 1, 2007. The proposed reorganization is a voluntary action, and the two boards seek the approval of the State Board as specified in Subsection 4, of Code Section 273.21.

The plan is organized into five parts, the first of which outlines the reorganization process and offers an overview of the context in which the merger plan is set. The second part is an examination of the criteria and a review of the expected outcomes. The third part looks at other items that are required to be in the plan, and the fourth part offers a brief and tentative outline of the design and structure of the proposed reorganized agency. The fifth part concludes the plan with final comments and a formal request.

¹ Further references to AEA reorganization sections of the Code will state the Code numbers cited in an abbreviated format.

Chapter 1

Reorganization Procedures

Code Sections 273.20 to 273.23 govern the AEA reorganization process. This chapter summarizes the reorganization procedures mandated by the Code, addresses the compliance of those provisions by AEAs 15 and 16, and presents an overview of the conditions and events that initiated the reorganization process between the two AEAs.

A. Mandated Procedures

The Code provisions include a series of actions that are to be taken by the boards of directors of the “affected” area education agencies in order to effect a reorganization. The procedures begin with the voluntary actions of the AEA boards and culminate with the approval of the reorganization plan by the State Board.

Figure 01-01

Code of Iowa AEA Reorganization Plan Requirements			
Section	Subsection		Reorganization Plan Procedures
273.21	1		Reorganize if a majority of the members of each board approves reorganization
	3	a	Develop detailed studies
	3	b	Survey school districts for needs
	3	c	Consult with officials of school districts
	3	c	Consult with other citizens
	3	c	Hold public hearing during development of a plan for reorganization
	3	c	Hold a public hearing on the final plan
	3	d	Consult with the director of the DE in development of the surveys and plans
	3	e	Develop a reorganization plan that:
			demonstrates improved efficiency of programs
			demonstrates improved effectiveness of programs
			includes a preliminary budget
			documents public comment from the public hearings
			provides for a board of directors and the number of members (273.8)
	3	f	Set forth the assets and liabilities
273.23	1		State the number of directors on the initial board--either 7 or 9
	1		Specify the number of directors to be retained from each area--proportionate
273.21	3	g	Transmit the completed plan to the state board by July 15.
	4		The state board shall review the reorganization plan and shall, prior to September 30, either approve the plan as submitted, approve the plan contingent upon compliance with the state board's recommendations, or disapprove the plan.

Figure 01-01 summarizes the reorganization steps. This is not an official listing, but it is the tool used by the AEA boards to monitor the process.

B. Procedures Followed by AEAs 15 and 16

After reviewing the State Board's "Area Education Agencies Restructuring and Reorganization Study" dated September 2001 (DE Study—2001), and after studying the merger activities of AEAs 3 and 5, AEAs 2, 6, and 7, and AEAs 4 and 12, the boards began informal discussions about reorganization. The conversations started with the possibility of sharing a chief administrator in the spring of 2003. The conversations expanded to sharing the chief administrator and looking at a possible merger of the agencies over time. An ad-hoc advisory committee was formed to evaluate the sharing of the chief administrator and review possible future plans of a merger.

Following joint board meetings of AEA 15 and 16 and the work of the ad-hoc advisory committee, both agencies authorized the feasibility study conducted by Guy Ghan Consulting during the spring 2005. Following a joint board meeting in October 2005, the boards came to a consensus to further study the merger and vote to merge in January 2006. See Appendix 1-1 for a detailed list of dates and activities that went into the development of the reorganization plan. The process is further refined in a document entitled, "AEA Reorganization Process," from the Department of Education (DE). (Appendix 1-2)

Figure 01-02

Description of Five General Stages in AEA Reorganization Process

Study: This stage included a wide range of activities beginning with casual contacts among AEA board members and AEA administrator sharing. These tentative steps led to board action to contract for a reorganization feasibility study, thorough review of the study, continued study by the boards, and many other actions, both official and informal that advanced to the decision to submit the reorganization plan to the Department of Education for State Board approval.

Preliminary Activities: This stage was intermixed with the study stage, but it involved activities that were designed to bring the two agencies closer together. The program and sharing activities between the two AEAs helped the boards in the decision making process, but they also advanced the AEAs toward the eventual merger.

Plan for State Board: This stage, to some extent coincided with the study and preliminary activities stages, and involved the development of this plan that is being submitted for State Board approval. This stage officially ended with the approval actions of the AEA boards as listed in Figure 00-01.

State Board Approval: This is the current stage, with the decision making process resting with the State Board of Education.

Implementation: This is a two part stage that includes specific reorganization actions taken by the two AEA boards subsequent to State Board approval, but prior to the July 1 merger date, and the actions taken by the new single board and AEA after the merger date.

The boards of directors of AEAs 15 and 16 began a very generally described five-stage process leading to the eventual reorganization, as described in Figure 01-02. Some of the activities included casual contacts, whereas, others were official actions of the boards. In any event, once the topic of reorganization was seriously being considered, the board activities moved forward with careful planning. More detailed steps about the process are presented in Appendix A.

C. Overview of Decision to Reorganize

The reorganization feasibility study report from the private consultant, including the narrative and the appendices, are considered to be an addendum to this reorganization plan. The information from the report, along with other board study activities, served as the bases for the decisions of the two boards to proceed with the reorganization process.

The executive summary from the feasibility study is reprinted as Insert One following Chapter Five of this plan. The executive summary is a concise compendium of the study process the boards used as they decided that a merger among the agencies would result in a more efficient, effective, and equitable AEA.

Chapter 2 Study Criteria

The two boards of directors focused their studies and decision making on identified educational and government business criteria to the extent possible. Although political and personal elements are ingrained in any reorganization effort, it was the goal of the boards to differentiate between the educational and business factors and the political components.

Chapter 2 first lists the criteria included in the AEA reorganization legislation. It then offers a brief look at the key criteria examined by the boards. The last part of the chapter highlights the three overall outcomes expected from AEA reorganization, and explains how the criteria were viewed through the lens of the anticipated outcomes.

A. Legislated Study Criteria

Code Section 273.21 included a few specific criteria that are to be examined in an AEA reorganization study. They are summarized in Figure 02-01.

Figure 02-01

Legislated Study Criteria				
Section	Subsection			Feasibility Study Chapter ²
273.21	3	a	Develop detailed studies of:	
			facilities	13
			property	13
			services	16
			staffing necessities	12
			equipment	13
			programs	16
			other capabilities	

The legally specified criteria, along with the criteria in the “other” category are reviewed in detail in the feasibility study, which is an addendum to this reorganization plan. Although the criteria were identified many times throughout the entire report, the most clearly recognized citations are noted in the chapters listed in Figure 02-01.

² Detailed information included in Appendices II-E, F, H, I, and J.

B. Key Study Criteria

Figure 02-02 lists the key study criteria categories as they were reported in Part II of the feasibility study. The figure is according to the eight chapters in the part of the study entitled, “Assessment of Criteria.”

Figure 02-02

General Study Criteria	
1	Enrollment and Population
2	Geography
3	Finances
4	Employees and Salaries
5	AEA Facilities and Equipment
6	Schools and Districts Served
7	Assessment of Schools and Districts Served
8	AEA Programs and Services

The key component of any reorganization is the expectation for a larger student enrollment, as noted in Table 02-01. Details are in Chapter 9 of the study.

Table 02-01

Enrollment – AEAs 15 and 16 Combined			
September 2005		Combined AEAs	
AEA #	Enrollment Served	AEA #	Enrollment Served
15	22,756.5	14	10,656.0
16	17,962.1	13	31,695.0
Total	40,718.6	8	35,178.5
		1	36,562.9
		1516	40,718.6
AEA #	Enrollment Served	412	44,585.9
4		9	52,152.2
12		267	69,250.0
Total	44,585.9	10	69,787.0
		11	128,051.1
		Totals	518,637.2

Another known result of a reorganization is the increased amount of territory within the boundary of the new AEA, as noted in Table 02-02. Details about the geographical sizes and the driving distances between communities according to RandMcNally.com are presented in Chapter 10 of the feasibility study. As could be expected there are some very large distances between communities in a combined AEA 15 and 16; however, the extremes are not as great as they are in the new AEAs 8 and 267. In addition, the feasibility study looked at driving

distances from districts in the AEA's to other central sites within the two AEA's and to distances in neighboring AEA's.

Table 02-02

Square Miles – AEA's 15 & 16 Combined			
2004-05		Combined AEA's	
AEA #	Square Miles	AEA #	Square Miles
15	4,756	9	2,440
16	1,604	14	3,939
Total	6,360	10	4,366
		13	4,615
		1	5,056
		412	6,328
		1516	6,360
		11	6,558
		8	7,991
		267	8,945
		Total	56,598

AEA #	Square Miles
4	2,526
12	3,802
Total	6,328

Financial details are presented in Chapter 11 of the feasibility study. Controlled funding, balances, revenues, expenditures, and financial projections are reviewed. Considering the continued and expected enrollment declines between the two agencies, the boards conclude that resources will keep diminishing.

The boards do not predict reduced revenues and expenditures to result from reorganization. However, the boards expect that the relative amount spent on overhead will shrink and provide for more resources to be spent on direct programs.

Chapter 12 of the feasibility study examines staffing conditions. In line with the findings about administrative overhead and finances, the boards conclude that a larger AEA will need fewer administrators—hence leaving more resources to spend on direct services for schools and students.

Several other criteria are examined in Chapter 14. A merger of AEA's 15 and 16 would result in an AEA with a larger number of districts and buildings, as displayed in Tables 02-03 and 02-04. Table 02-05 lists the numbers of nonpublic schools.

Chapter 16 of the feasibility study offers information about programs and services. Based upon the findings of the study and the other information processed by the boards of AEA's 15 and 16 it is concluded that a larger AEA will be able to offer a wider array of services and programs. For example, in a smaller AEA an educational consultant may have a general consulting assignment along with three or four specialty areas—such as math, science, and talented and gifted. A larger AEA would be able to limit the number of non-related specialties to assign to individual consultants and also to enlarge the number of specialties provided through the larger number of consultants.

Table 02-03

Number School Districts – Combined

2005-06

Reorganized		Combined 10 AEAs	
AEA	Number	AEA	Number
15	23	14	20
16	13	9	22
Total	36	1	24
		13	31
		10	33
		412	36
		1516	36
		8	48
		11	54
		267	61
		Total	365

AEA	Number
4	13
12	23
Total	36

Table 02-04

Number Public School Buildings – Combined

2004-05

Reorganized		Combined 10 AEAs	
AEA	Number	AEA	Number
15	91	14	55
16	55	1	100
Total	146	13	108
		9	120
		412	141
		1516	146
		8	158
		10	166
		267	238
		11	299
		Total	1531

AEA	Number
4	40
12	101
Total	141

Table 02-05**Number Nonpublic Schools – Combined****2004-05**

Reorganized	
AEA	Number
15	4
16	6
Total	10

AEA	Number
4	20
12	14
Total	34

Combined 10 AEAs	
AEA	Number
14	1
13	8
1516	10
9	17
8	18
10	20
267	27
11	28
1	31
412	34
Total	194

C. List of Expected Reorganization Outcomes

Three anticipated outcomes are stressed throughout the various pieces of legislation regarding AEA reorganization and the DE Study—2001. The outcomes of equity, effectiveness, and efficiency are outlined in Figure 02-03.

Figure 02-03**Expected Outcomes of AEA Reorganization****House File 2549—Bill That Mandated DE Study -- 2001**

1	The equitable delivery of core services to students and schools
2	The effective delivery of core services to students and schools
3	The efficient delivery of core services to students and schools

The focus of the reorganization plan is on the connection between the three anticipated outcomes and the various study and planning components. The connection is threefold. First, the two boards conclude that a larger AEA would be more equitable, efficient, and effective. Second, this plan is designed to demonstrate that the larger reorganized AEA 15 and 16 would be more equitable, efficient, and effective. Third, it will be up to the new board of a merged AEA to develop a new AEA that is more equitable, efficient, and effective. The boards also conclude that a larger AEA could be more flexible and more readily meet the needs of the rapidly changing scene of PK-12 education in Iowa.

However, as this plan is being developed and then as it is being processed by the State Board of Education, the two individual AEA boards are gradually merging the various services and programs of the two agencies. This process is part of an effort to emulate the success that boards of directors of school districts had as they entered into whole-grade sharing

agreements in preparation for eventual reorganization. The boards' procedure, referred to as "whole-program sharing," is an organized effort to combine as much of the operation of the two agencies as is possible while the two individual boards still have control over the situation.

Currently, AEA 15 and 16 have achieved a high degree of equitability in service delivery as evidenced by their respective results on the DE Customer Survey. Both AEA 15 and 16 do, however, offer a variety of services unique to their AEA and would not have some of the services found in the other AEA. A merged AEA would not only have the capacity to continue to deliver current services equitably within each geographic area, but could gravitate toward developing a broader set of services available to all the schools, students and families across the larger geographic area.

To be able to deliver a broader set of services to all clients across the whole of the merged AEA is an improvement in equitability. It is also an improvement in effectiveness. A merged AEA will have more to offer clients by drawing upon the expertise and special skills and services of each partner. A merged AEA will also have more intellectual resources as it draws upon the expertise and further develops the expertise of its staff. In a larger merged AEA, staff will have fewer assignments and thus develop more expertise in fewer areas. The effectiveness of services will increase as services are delivered by staff who are able to be more focused. The AEA 15/16 Merger Council (made up of 41 staff from the two AEA 15 and 16) also provided responses to the effectiveness and efficiency goals of reorganization (Appendix 2-1?).

Increased efficiencies will result from a decrease in the number and cost of administrative and supervisory personnel in a merged AEA, as compared to the current number and cost. Estimated savings are presented in Appendix 2-2?). Dollars can then be redirected to increased salaries for staff and to services and programs resulting not only in a more efficient use of available resource, but an increase in effectiveness of the AEA. Currently, many services and programs go through a research and development function at both AEA 15 and 16 consuming considerable time and resources. To carry out this function in a merged AEA means it will occur a single time.

The merged AEA will have every opportunity to increase the equitability, effectiveness, and efficiency of services. It will be the responsibility of the merged AEA board of directors and administrative staff to ensure the merged AEA maximizes these opportunities.

Chapter 3 Other Required Plan Contents

Provisions of Code Chapter 273 list several additional components that are required to be included in an AEA reorganization plan. Those items are contained in this chapter.

A. Preliminary Budget

Subsection 6 of Section 273.23 states that, “. . . *the media cost per pupil . . . shall be the highest amount of media services cost per pupil for any of the affected area education agencies.*” Subsection 7 renders similar provisions for educational services.

Subsection 8 of Section 273.23, states that “. . . *the special education support services cost per pupil shall be based upon the combined base year budgets for special education support services of the area education agencies that reorganized to form the newly formed area education agency, divided by the total of the weighted enrollment for special education support services in the reorganized area education agency for the base year plus the allowable growth amount per pupil for special education support services for the budget year as calculated in section 257.8.*”

Table 03-01

Special Education Support

Combined District Costs and Per Pupil District Costs

2006-07

AEA	Spec. Ed. Supp. District Cost	AEA Weighted Enrollment	Per Pupil District Cost
15	5,502,700	25,058.99	219.59
16	4,395,791	19,588.21	224.41
Combined	9,898,491	44,647.20	221.70

Table 03-01 depicts what the AEA special education support district cost of a reorganized AEA would be using the most recent data available. The calculated per pupil amount is carried forward to the subsequent year.

Tables 03-02 and 03-03 depict what the media services and educational services district costs of a reorganized AEA would be using the most recent data available. The largest per pupil amount is carried forward to the subsequent year.

Table 03-02

Media Services

District Costs

2006-07

AEA	Media Services District Cost	Enrollment Served	Per Pupil District Cost
15	953,249	22,756	41.89
16	753,104	17,961	41.93
Set Amounts		40,717	41.93
Combined	1,707,264		

Table 03-03

Educational Services

Districts Costs

2006-07

AEA	Educ. Services District Cost	Enrollment Served	Per Pupil District Cost
15	1,047,004	22,756	46.01
16	821,176	17,961	45.72
Set Amounts		40,717	46.01
Combined	1,873,389		

B. Assets and Liabilities

Subsection 3f of Section 273.21 states that the reorganization plan shall, “*set forth the assets and liabilities of the affected area education agencies . . .*” Table 03-04 summarizes the fixed assets and the long-term debt of AEAs 15 and 16. Table 03-05 lists the total fund balances (current assets less current liabilities) of the General Fund. Details are in Appendix II-D or in the feasibility study.

Table 03-04**CAR Form 03****Fixed Asset Detail****All Governmental Funds – Fiscal Year Ended June 30, 2005**

	AEA 15	AEA 16	Total
Land	192,732	141,600	334,332
Land improvements	59,679	20,152	79,831
Buildings and improvements	1,953,734	1,703,415	3,657,149
Machinery and equipment	804,546	1,031,117	1,835,663
Construction in progress	–	–	–
Other Infrastructure	–	–	–
Total	3,010,691	2,896,284	5,906,975
CAR Form 04			
Long-term Debt	1,460,374	2,233,739	3,694,113

Table 03-05**Fund Balances – General Fund****June 30, 2005**

AEA #	Enrollment Served	Fund Balance	Fund Balance Per Enrollment
15	23,377.1	1,943,065	83.11
16	18,043.1	1,078,833	59.79
Totals	41,420.2	3,021,898	72.95

C. Public Comments from Public Hearings

Subsection 3e of Section 273.21, requires that the reorganization plan, “. . .documents public comments from the public hearings . . .” The minutes of the hearing held pursuant to the mandates of Chapter 273 are reprinted in **Appendices B-01 and B-02**.

Add agendas/minutes from public hearings into Appendix B.

D. Need Surveys

Subsection 3b of Section 273.21 of the Code states that “boards contemplating a voluntary reorganization shall,” “Survey the school districts within the affected area education agencies to determine the districts' current and future programs and services, professional development, and technology needs

A variety of methods was used to gather information from employees, school personnel, and school boards to determine the current and future needs of the schools in AEAs 15 and 16.

These needs will provide directions for the planning of services, service delivery, and organization of the reorganized AEA. The methods included:

- 1) Needs Survey administered to schools in AEA 15 by Guy Gahn as part of the Feasibility Study. **Appendix 3-2**
- 2) Needs Survey administered to schools in AEA 16 by Guy Gahn as part of the Feasibility Study. **Appendix 3-3**
- 3) Focus groups:
 - C Superintendents representing both AEAs. **Appendix 3-4**
 - C Teachers/Principals representing both AEAs. **Appendix 3-5**
 - C Special Ed. staff/teachers/principals representing schools in AEA 15. **Appendix 3-6**
 - C Special Ed. staff/teachers/principals representing schools in AEA 16. **Appendix 3-7**

A Merger Council was organized during the 2005-06 year representing 41 staff members (18 staff from AEA 16 and 21 staff from AEA 4). The only administrative Cabinet members represented on the Council is Joe Crozier, Chief Administrator, Jennifer Woodley and Nancy Brown, Communications. The purpose of the Council was to provide for quality planning throughout the merger process through a group that was representative of nearly every corner of the AEAs. The Council reviewed the Needs Surveys information and the Focus Groups' responses. Notes from each of the four meetings, full day sessions, are included in **Appendix 3-8**.

Joint Cabinet meetings, involving administrators in AEAs 15 and 16, also met during 2006, and 2006-2007 to review the Needs Survey and Focus Groups' responses. Minutes from the meetings are included in **Appendix 3-9**.

Finally, AEA 15 and 16's Chief Administrator offered to visit Boards of Education of the schools within AEAs 15 and 16 during the years 2006-07. The visits provide opportunities to share merger activities and allow boards to express concerns about the merger, question the process, and offer suggestions. Board visits are recorded in **Appendix 3-9**.

The information gathered from the various surveys, the Focus Groups, and the board visits was reviewed carefully by the Merger Council, the Joint Cabinet, and appropriate sub-committees comprised of AEA staff from each of the divisions (Special Education, Educational Services, and Media). The data was used to develop merger plans and establish delivery of services for the new AEA to meet the needs of the schools within the boundaries of AEAs 15 and 16.

E. Accreditation Standards

Subsection 3e of the new Section 273.21 of the Code requires that the reorganization plan, “. . . *demonstrates improved efficiency and effectiveness of programs to meet accreditation standards . . .*”

The efficiency and effectiveness components were explained in Chapters 11, 12, and 16 of the feasibility study, and conclusions about them were addressed in Chapter 17.

Subsection 9 of Section 273.23, states that, “Within one year of the effective date of the reorganization, a newly formed area education agency shall meet the accreditation requirements set forth in section 273.10, and the standards set forth in section 273.11. The newly formed area education agency shall be considered accredited for purposes of budget approval by the state board pursuant to section 273.3. The state board shall inform the newly formed area education agency of the accreditation on-site visit schedule.”

AEAs 15 and 16 are currently fully accredited according to the Department of Education accreditation standards. The new AEA will build upon this status through the work of the Merger Council, the Joint Cabinet, and the sub-committees, whose members include administrators and staff of AEAs 15 and 16. These groups will continue their work and planning during the 2006-07 school year. A reorganization plan will be developed that demonstrates improved efficiency and effectiveness of programs.

The mission, vision, beliefs, and guiding principles were developed by the Merger Council, reviewed and revised by the staff, Board of Directors, Joint Cabinet, and adopted by the Boards of Directors of both AEAs (**Appendix 3-10**). The Merger Council also established three sets of plans to assist with the merger process: 1.) Six Month Plans (March 1, 2006 – September 1, 2005); 2.) One-Year Plans prior to the merger (July 1, 2006 – July 1, 2007); and 3.) One-Year Plans following the merger (July 1, 2007 – July 1, 2008) (**Appendix 3-11**).

A Comprehensive Improvement Plan (CIP) will be written during the 2006-07 year based upon the common needs of the two agencies, and goals and action plans will be designed to address those needs. The CIP will be submitted to the Department of Education prior to July 1, 2007.

A Department of Education accreditation site visit will be conducted in the spring of 2008. Based upon data obtained from that visit, plus data collected during the 2007-08 school year, the new AEA will write a five-year improvement plan during the 2008-09 school year.

F. Designation of Initial Board

Subsection 1 of the new Section 273.23 of the Code states that, “A petition filed under section 273.21 shall state the number of directors on the initial board which shall be either seven or nine directors. The petition shall specify the number of directors to be retained from each area, and those numbers shall be proportionate to the populations of the agencies. If the proportionate balance of directors among the affected agencies specified in the plan is affected by school districts petitioning to be excluded from the reorganization, or if the proposal specified in the plan does not comply with the requirement for proportionate representation, the state board shall modify the proposal. However, all area education agencies affected shall retain at least one member.”

It is the decision of the boards of directors of AEAs 15 and 16 to retain nine members on the initial board. The proportionate numbers are calculated in Table 03-06.

Table 03-06

Initial Board of Directors				
Census Population – 2000*				
AEA #	Population 2000 *	Percent of Total	Proportionate Number	Number Directors
15	137,474	56.3%	5.07	5
16	106,760	43.7%	3.93	4
Total	244,234	100.0%	9.00	9

**Data for 2000 Population from Proximityone.com web site*

G. Redraw the Boundary Lines of Director Districts

According to Subsection 11, of Code Section 273.23, “Unless the reorganization of an area education agency takes effect less than two years before the taking of the next federal decennial census, a newly formed area education agency shall, within one year of the effective date of the reorganization, redraw the boundary lines of director districts in the area education agency if a petition filed by a school district to join the newly formed area education agency, or for release from the newly formed area education agency, in accordance with section 273.22, subsections 4, 6, and 7, was approved. Until the boundaries are redrawn, the boundaries for the newly formed area education agency shall be as provided in the reorganization plan approved by the state board in accordance with section 273.21.”

The initial board will meet as soon as possible following the State Board’s approval of the Reorganization Plan of AEAs 15 and 16. Director district convention dates in each of the director districts will be established. The initial board will develop a 45-day publication notice and will receive nominations. Director district conventions will be held in November and December with the new board convening no later than January 2008.

Chapter 4

Design and Structure of Reorganized Agency

A. Organizational Structure

Southern Prairie AEA 15 is organized around five service centers: 1.) Central Office (Ottumwa), 2.) Oskaloosa Regional Office, 3.) Fairfield Regional Office, 4.) Chariton Regional Office, and 5.) Centerville Regional Office. Great River AEA 16 is organized around four service centers: 1.) Central Office (Burlington), 2.) Mount Pleasant Regional Office, 3.) Keokuk Regional Office, and 4.) Fort Madison Regional Office. The reorganized AEA will maintain the existing service centers with the central business and administrative offices located in both Ottumwa and Burlington. The Ottumwa and Burlington site will continue to function as a major service center, housing several staff and personnel, to keep the delivery of services close the customers throughout the merged AEA. **Appendix 4-1** provides the location of the nine service centers of the reorganized AEA.

B. Administrative Structure

The Administrative Structure is included in **Appendix 4-2**. The chart demonstrates the relationships and the organization of the reorganized AEA. An application and interview process was conducted in the 2006-07 school year, and the names provided on the chart reflect the results of that process. The Merger Council, described in Chapter Two (p. 14), provides focus on Agency improvement, Agency-wide decision making, and Agency effectiveness and efficiency in the delivery of services.

C. Programs and Services

The structure for the delivery of services includes an General Education Division (**Appendix 4-3**), a Special Education Division (**Appendix 4-4**), and a Technology/Media Division (**Appendix 4-5**). Each of these divisions will be staffed and organized to support the needs of the new Agency. The new AEA will offer a wider variety of programs and services available to all schools and enhance the support provided to the students, staff, schools, and communities.

Chapter 5 Conclusion

Subsection 4 of Section 273.21, states that, “The state board shall review the reorganization plan and shall, prior to September 30, either approve the plan as submitted, approve the plan contingent upon compliance with the state board's recommendations, or disapprove the plan. A contingently approved plan shall be resubmitted with modifications to the department not later than October 30. An approved plan shall take effect on July 1 of the fiscal year following the date of approval by the state board.”

It is our belief that the Voluntary Reorganization Plan and Appendices satisfy the requirements of Chapter 273 of the Code of Iowa. We further believe the plan demonstrates a new Area Education Agency that will efficiently and effectively meet the needs of students, schools, and communities entrusted to our care.

Therefore, the boards of directors of Southern Prairie Area Education Agency 15 and Great River Area Education Agency 16 request the State Board of Education approve this duly transmitted reorganization plan in accordance with the above noted provision of Chapter 273 to be effective July 1, 2007.

Reorganization Feasibility Study

Southern Prairie AEA 15 and Great River AEA 16

Executive Summary

April 26, 2005

On November 10, 2004, and November 8, 2004, respectively, the boards of directors of Southern Prairie Area Education Agency 15 (AEA 15) and Great River Area Education Agency 16 (AEA 16) approved motions to request a reorganization feasibility study to be conducted by Ghan Consulting, Inc. (GCI). The feasibility study was completed on April 21, 2005, and it included 176 pages of narrative plus a more than 600-page appendix with supporting data and related information. Following the introductory pages, the study report is divided into three parts, as are reported in this executive summary narrative. The executive summary was prepared for those who want a quick review of the study, but it is not intended to take the place of the complete document.

I. AEA Reorganization Context

The boards of the two AEAs began considering the reorganization prospect within the context of statewide and local conditions. The legislature passed a bill in 2001 that provides for voluntary AEA reorganization, and it gave the authority for such action to the boards of directors of the AEAs, with final approval by the State Board of Education. In 2000 the legislature passed a bill requiring the Department of Education (DE) to conduct a statewide AEA reorganization study. That study report was made public in September 2001, and the State Board recommended that nine specified AEAs reorganize, and both AEAs 15 and 16 are on that list. The study also recommended that if AEAs do not voluntarily merge by 2005 the legislature should give the State Board the authority to merge AEAs and set new boundaries.

Effective July 1, 2003, AEAs 3 and 5 consolidated to form AEA 8, and AEAs 2, 6, and 7 united to form AEA 267. This reduces the number of AEAs from 15 to 12. AEAs 4 and 12 completed the reorganization feasibility study process in 2004. The AEAs 4 and 12 boards are now expecting to submit by July 15, 2005, an AEA reorganization plan to the DE for State Board approval. A merger between AEAS 4 and 12 would reduce the number of AEAs to 11, and leave AEAs 14, 15, and 16 as the only AEAs of the nine that were told to consolidate in the DE study and that enroll less than 30,000 students.

In the course of conducting this study and the three studies for AEAs 3 and 5, AEAs 2, 6, and 7, and AEAs 4 and 12, contacts with selected DE officials and 41 legislators indicate that the DE and the legislature are serious about their intentions. However, legislators at this time appear to be approaching the topic with a little less force, and this may be due to the two passed mergers and the one pending, and to the continued legislative interest in reducing AEA funding.

Other conditions are pointing toward the eventual consolidation of AEAs. DE officials stated that the new and increasingly difficult minimum standards for AEAs would make it tougher for small AEAs to keep operating. National AEA authorities, such as E. Robert Stephens, point toward the need for larger units in order for them to provide the needed and expected services in a more equitable, efficient, and effective manner.

The research included in the feasibility study generally defines 30,000 as being the minimum AEA enrollment. Although the DE did not specify a minimum, all AEAs below 30,000 were on the recommended merger list, plus AEA 7 with a little more than 30,000 students but with a rapidly declining enrollment. Between 1985 and 1995 a large number of school districts joined through whole-grade sharing, and most subsequently consolidated. State officials and legislators expressed the need for similar actions to be taken by the AEAs. The connection between AEA mergers and school district mergers was somewhat minimal in this southeast portion of the state where there were very few consolidations. In comparison, across the state there were 438 school districts in 1984-85, and 437 of them operated high schools. By 2004-05 those statewide numbers were down to 367 districts with only 341 operating high schools.

Several conditions and actions brought AEAs 15 and 16 to the place where they now comprise the fourth set of AEAs since the inception of AEAs in 1975 to seriously study the possibility of reorganization. Among the leading causes are the severely declining enrollments, declining general populations, and declining numbers of school districts, as noted in the following three summary tables. The percents of enrollment decline³ for AEAs 15 and 16 are in the mid-range (Table 01). The census changes reflect the student enrollment losses (Table 02).

Table 01--Enrollment Changes

AEA	1975 *	2004 **	Amt. Change	Pct. Change
8	52,808	32,292	(20,516)	-38.9%
267	96,960	64,396	(32,564)	-33.6%
1	45,300	30,883	(14,417)	-31.8%
14	15,079	10,345	(4,734)	-31.4%
15	31,011	21,452	(9,559)	-30.8%
4	13,974	9,930	(4,044)	-28.9%
16	23,038	16,484	(6,554)	-28.4%
9	64,868	47,823	(17,045)	-26.3%
13	40,291	30,303	(9,988)	-24.8%
12	37,706	28,870	(8,836)	-23.4%
10	70,883	62,738	(8,145)	-11.5%
11	118,932	116,695	(2,237)	-1.9%
Total	610,850	472,211	(138,639)	-22.7%

* BEDS enrollments adjusted for 2004-05 AEA reorganizations

** BEDS K-12 enrollment—new data—not in study

³ School districts and AEAs record several types of enrollments. See Page 71 of feasibility study.

Table 02--Census Population			Change from	Percent
AEA #	1980	2000	1980 - 2000	Change
15	150,390	137,474	(12,916)	-8.6%
16	114,290	106,760	(7,530)	-6.6%
Grand Total	2,913,669	2,926,312	12,643	
State Largest Loss				-14.9%
State Median Change				-6.8%
State Average Change				0.4%
State Largest Gain				16.4%

The statewide loss of districts through reorganization was quite substantial compared to AEAs 15 and 16 (Table 03).

Table 03--Number School Districts

AEA	2004-05	1975	Amt. Change	Pct. Change
15	23	26	-3	-11.5%
16	13	13	0	0.0%
Total	365	450	-85	-18.9%
Largest percent loss				-38.1%
Median percent loss				-12.9%

In addition, poor state revenue collections have resulted in legislated AEA funding reversions. In 2004-05 the statewide AEA revenues were reduced by \$19.3 million, and the revenue reduction plan for 2005-06 has not been settled by the legislature as of this date. A statewide financial condition that bears watching is the increasingly heavy reliance on “soft” federal revenues which have increased in 10 years from being 18 percent of total funding to more than 40 percent. It is usually easier for the larger AEAs to react to declining resources since they are able to cutback in program areas where there are duplications. Small AEAs more often have to cut into programs.

Part I concluded with a look at reorganization study criteria. The key expected outcomes of reorganization, as articulated by the legislators and research, are more equitable, effective, and efficient delivery of core AEA services to students and schools. Flexibility is another criterion that warrants attention statewide, and the superintendents in AEAs 15 and 16 specifically cited the need for it

II. Assessment of Criteria

The eight chapters in Part II of the study look at enrollment and population, geography and distances, finances, staffing, AEA facilities, number schools and districts served, assessment of schools and districts served, and AEA programs and services. These

general criteria areas were examined with a focus on the three legislated expected outcomes of efficiency, effectiveness, and equity—along with the flexibility criterion.

If AEAs 4 and 12 consolidate, AEAs 15 and 16 individually will become the second and third smallest AEAs—only larger than AEA 14 in Creston. If AEAs 15 and 16 reorganize the combination will be at the middle of the range (Table 04).

Table 04—Combined Enrollment Served

AEA #	Enrollment Combined	AEA #	Enrollment 2004-05
14	10,820.3	15	23,043.1
13	31,796.2	16	17,977.8
8	35,628.5	Total	41,020.9
1	36,976.6		
1516	41,020.9		
412	45,188.6		
9	52,352.9		
10	69,378.2		
267	69,894.9		
11	126,603.9		
Totals	519,661.0		

If AEAs 15 and 16 and AEAs 4 and 12 reorganized, the combined AEA 15 and 16 would rank fourth from the largest in the number of square miles (Table 05).

Table 05—Combined Square Miles

AEA #	Square Miles	AEA #	Square Miles
9	2,440	15	4,756
14	3,939	16	1,604
10	4,366	Total	6,360
13	4,615		
1	5,056		
412	6,328		
1516	6,360		
11	6,558		
8	7,991		
267	8,945		
Total	56,598		

The configuration of AEAs 15 and 16 together is a very rough rectangle that is from two to three counties from north to south and six counties east to west. Of the 14 counties only three have gained population since 1900 and eight lost from 35 to 62 percent of their populations. Burlington and Ottumwa are by far the two largest communities, and Fairfield is the most centrally located. According to the RandMcNally.com web site

Lineville has the most driving distance to Ottumwa (87 miles) or to Fairfield (108 miles). Although some of the distances are fairly lengthy, the extremes in the new AEA 8 and 267 are considerably longer. All internal driving distances are displayed in Chapter 10, as well as the distances from the border districts to centers in AEA 10, 11, 14, and 267.

AEA mergers will not result in overall financial reductions since basic funding is determined by multiplying set per pupil amounts by student enrollments. Data examined for this study and the earlier studies indicate that the larger AEA 8 are more internally efficient and spend lower per pupil amounts on administrative overhead. The specific data gathered for the three other studies supported this contention; however, much of the data are anecdotal in nature, such as information that the new AEA 267 is reducing its number of administrators. The statewide AEA accounting and reporting system makes it difficult to conduct a meaningful study of expenditures and numbers of employees by categories. The accounting system reflects the operation of school districts—not AEA 8. It is possible to demonstrate that the mid-size school districts are more efficient than their smaller counterparts. However, reorganized school districts take from two to five years before the efficiencies “settle-in,” and this appears to be the same for AEA 8.

Together, AEA 15 and 16 would serve 36 school districts, and rank number four from the most—tied with a new AEA 4 and 12. The districts in AEA 15 and 16 operate 146 school buildings, and that is number five from the largest, which is 299 in AEA 11. The combined AEA 15 and 16 would serve 10 nonpublic schools, and that would be the third from the fewest.

The main facilities in Burlington and Ottumwa are excellent AEA buildings, and both operate satellite offices in the counties. Although most services to schools and students are delivered to the school buildings, a few programs require students and school staff to come to the AEA central offices. The increased geography and distances, and the larger numbers of school districts, buildings, and students will have an impact on some programs—particularly those programs that are only accessible at one location. However, they constitute a relatively small portion of the overall programs currently being offered.

For the purposes of examining effectiveness, the study focused on the offerings of a wide range of AEA programs and services. The study did not find that there would be significant changes in the delivery of special education support services. The most likely probability is the reduction in overhead costs—hence an increase in the amounts available to spend on direct programs. The larger reorganized AEA will be able to improve the media services through a greater volume of products and services, more copies of heavily used items, and elimination of some duplication of expensive equipment and material. The research indicated an expansion of educational services and the possibility for more specialization. The general and theoretical examinations supported the conclusion about educational services expanding in a reorganized district. However, the AEA 15 and 16 details were inconclusive. AEA 15 and 16, like other AEA 8, list large numbers of educational services. This practice was strongly questioned in a 1989 Department of Education AEA reorganization study as being inaccurate. The

concern was that the small AEAs with relatively few consultants could not amass the expertise to deliver what the AEAs list as services they offer.

The annual customer satisfaction survey administered by the DE, the needs assessment survey conducted by GCI for this study, and the interviews with AEA 15 and 16 superintendents support the concern that there is a need for a wider range of services. The superintendents are looking for more flexibility and for the programs and services that reflect this intense period of change that is coming from such things as new federal demands and a rapidly changing student population.

III. Study Conclusions and Recommendations

The overall conclusion is that statewide AEA reorganization is an inevitable response to the loss of 130,000 students served and to the reduction of 85 school districts. The losses of the AEAs 15 and 16 customer bases have not been as great as those of the other AEAs that have already merged, but the enrollment declines of the two AEAs have been 28 and 26 percents, respectively.

The political pressure for AEA merger currently is not as strong as it was over the past few years. However, the continued existence of the few AEAs that enroll less than 30,000 students is very tenuous.

A merger of AEAs 15 and 16 would result in an agency with a large number of square miles. However, the distances are not as great as they are in the two newly merged AEAs.

The AEA funding supported by the state finance formula has been severely declining, and it will continue to do so. Federal funding has kept the AEA services at a higher level; however, federal funding programs are almost always less stable than local and state revenues. The larger agencies that result from AEA reorganization are more able to reduce overhead expenditures and to absorb needed expenditure reductions. A combined AEA 15 and 16 should be able to benefit accordingly.

Demands for AEA programs and services have changed in the past five years more than they did in the first 25-years, and these increased expectations will continue. National movements, such as No Child Left Behind and accountability are heavily impacting upon school districts and AEAs. An ample majority of the AEA 15 and 16 superintendents who responded to a needs survey, who attended the research visits, and who took part in phone conversations regarding this study want expanded AEA services and more flexibility from the AEAs. One of the common observations is that the superintendents believe that their schools and students need the level of services that are available in some of the larger AEAs, such as Grant Wood AEA 10, in Cedar Rapids.

The final conclusion is that AEAs 15 and 16 fit the pattern of the other AEAs that have already merged or that are in the process. The declining numbers affixed to AEAs 15 and

16 are not as drastic as they are for these other AEAs. However, more concerns about programs and services were voiced about AEAs 15 and 16 than about all except one of the other seven AEAs involved in the consolidation process.

The first recommendation is that the AEA boards keep the study process open and that they expand their consideration of a merger. Specifically, the boards are encouraged to carefully review the study and to engage in conversations with the superintendents and nonpublic school principals. Try to achieve a level of openness and frankness that took place in conversations between superintendents and this researcher. Contact the leadership at AEA 10 in order to find a way to study what is being held up as a standard of AEA programming. Work with the leadership at AEAs 4 and 12 to observe how these two agencies are piecing together their programs and services prior to the expected merger. Consider contacting E. Robert Stephens about his new work on organizational capacity.

The second recommendation is that the two AEAs begin putting their programs and services together via explicit and encompassing “Chapter 28E” contracts. Mobilize the AEA staff, the school districts, and the nonpublic schools to begin the process. Research supports that media and technology services could be combined very readily and those services and offerings could be expanded. Specific programs, such as staff development can be joined. Other low incidence services, which employ very few employees can be united and prove to enhance the efficiency and effectiveness. The continuing study and research activities suggested in the first recommendation and the gradual combination of services should offer the boards an adequate amount of information to decide upon the reorganization question.

The third recommendation is that the board members engage in the actions suggested in the first two recommendations with their eyes continuously on the merger issue. At some time the boards must decide to reorganize, to operate independently with shared programs, or to function as completely independent AEAs. There would be too much consternation among the school districts, nonpublic schools, and AEA staff if the reorganization issue remains in the forefront for too long. If AEAs 15 and 16 follow the AEAs 4 and 12 timeframe, a July 1, 2007, merger is possible. However, GCI has the tendency to recommend deliberate actions and would not advise against a July 1, 2008 consolidation, which would require the submission of a reorganization plan to the DE by July 15, 2007. On the other hand, board action beyond the 2007 submission for a 2008 merger might be carrying the process on for too many years. The uncertainty that exists around the reorganization process can be very detrimental. If the board members begin working on the first two recommendations immediately, GCI concludes that they very well might see the benefits of a merger sooner than later.